

A Road not to Be Taken—AT&T's Petition for Forbearance

Telix, Inc.'s Presentation to the Wireline Competition Bureau

WC Docket No. 16-363

July 5, 2017



Teliax, Inc.-Background

- Teliax founded in 2004 to provide “hosted PBX services” on an IP basis
 - Teliax became a registered CLEC in 2012 (State of Colorado)
 - Has FCC tariff on file (since 2012)
 - No Colorado intrastate tariff
 - Services shifted from TDM-based to largely IP-based
 - Uses SIP trunking for its services
 - Has equipment and a network operations center in Denver
 - Points of interconnection in the Denver and Colorado Springs LATAs



8YY Wholesale Service

- Among the CLEC services provided is wholesale 8YY origination service
 - Provides 8YY origination service to other CLECs and I-VoIP providers that do not want to provide the services internally or to engage in the associated billing and collection effort—a “build or buy” decision
 - Teliax and its wholesale customer enter into an agreement for 8YY traffic
- The wholesale customer delivers toll free dialed calls from its end user to Teliax in Denver (or Colorado Springs) via IP transport and does not charge any access to any carrier (IXC)
 - Teliax uses its software to query the 8YY database query to identify the serving IXC and performs the tariff-defined first point of originating end office switching to deliver that call to the serving IXC



8YY Wholesale Service

- Teliax bills the IXC originating end office switching, common trunk port and DBQ
 - Teliax's originating end office switching and common trunk port rates are equal to those of CenturyLink Colorado, as per FCC rules and Teliax's tariff
 - Teliax's DBQ rate is set based on factors, including internal costs, external demand and DBQ rates of competitors and is filed in Teliax's tariff
 - Teliax also has reached agreement with various IXCs and CMRS operators for the exchange of traffic, including 8YY originating traffic, at negotiated rates
 - Teliax compensates its wholesale customers based on negotiated traffic agreements
 - Also contain requirements not to send fraudulent or call-stimulation traffic



Major Investment by Teliax

- Teliax has incurred considerable costs to grow its 8YY origination business and to provide excellent service to customers and end users alike
 - Teliax is the smallest owner-operator of the SOMOS toll free database
 - Teliax makes this expensive monthly investment to provide both better service to existing wholesale customers and access to advanced features and functions
 - Teliax has also invested heavily in the development of software to integrate the SOMOS capabilities into Teliax's network
 - <https://www.somos.com/become-scp-owneroperator>



Teliix's Fight Against Call Fraud

- Teliix actively participates in Industry efforts to identify and block fraudulent calls from being delivered to the downstream IXC's
 - E.g., robodialed calls
 - Participates in weekly Industry calls to identify and stop fraud
 - Wholesale contracts require customers to adopt anti-fraud measures
 - Teliix does not bill for identified fraudulent calls
- With the exception of fraudulent calls, Teliix has never been requested by IXC's to block any 8YY dialed calls intended for the IXC's CIC



AT&T's Walk vs. Its Talk

- As Teliax has already advised the Commission, AT&T does not pay tariff rates for both retail and wholesale 8YY traffic delivered by Teliax to AT&T, despite admitting it wants all toll free calls delivered (except for those fraudulent calls identified by AT&T)
 - AT&T substitutes AT&T-calculated “national average” tandem and DBQ rates
 - Teliax has sued AT&T in Colorado Federal District Court. *Teliax, Inc. d/b/a Teliax Colorado, LLC v. AT&T Corp.*, Civil Action No. 1:15-cv-01472-RBJ (D. Colo.). That case is pending

- If AT&T were to file a petition with the Commission to prescribe national average DBQ rates based on its calculated nationwide average costs, such petition must be denied based on the newly decided case of *Global Tel*Link v. FCC*, No. 15-1461, *slip op.* (D.C. Cir. June 13, 2017). That case held, in part
 - The use of arbitrary nationwide average costs without justification in the record is arbitrary and capricious
 - The Commission would be required to look at ILEC's and CLECs' actual costs from around the nation
 - AT&T has refused to provide data supporting its calculations and even failed to explain the calculation to the head of AT&T's access management group
 - Also, the appeals court rejected the Commission's disallowance of prison inmate phone site commissions as a recoverable expense because it was a real expense incurred in the cost of doing business—ergo, Teliix should be able to recover its software and SOMOS database owner-operator costs, among others